

SAN DIEGO BUSINESS JOURNAL

With Future of Enterprise Zones in Doubt, Firm May Pack Up, Go

WORK FORCE: Jensen Meat Weighs Out-of-State Options, Delays Expansion

■ By TOM YORK

Sacramento's battle with cities and counties about the future of so-called enterprise zones — special districts that benefit business with tax credits and related breaks — has hit home.

Vista-based beef wholesaler **Jensen Meat Inc.** was weighing relocating to the San Diego Regional Enterprise Zone, which includes Otay Mesa, most of National City and western Chula Vista.

But Chief Executive Officer **Robert Jensen** has informed Mayor **Jerry Sanders** that he has put the expansion on hold. He said he's looking at other options, including sites out of California, now that the future of enterprise zones is in doubt.

"If the Enterprise Zone is to be terminated, there are only two alternatives," Jensen wrote the mayor. "The first option is not to expand and be out of business since we cannot meet the demands of our growing national customers, (which) is not a viable option."

Moving to a new 125,000-square-foot plant would benefit the company with an array of tax credits and related savings, and bring 170 new jobs to South County, Jensen said.

Trying to Stay Competitive

"The second option is to leave the state of California in order to stay competitive. Jensen Meat's biggest competitor is already gearing up to move out of California

to the state of Texas," added Jensen. "I want to keep my family-owned business in California but only if it makes business sense to do so."

Sam Acunia, director of finance for Jensen, said the company is still in limbo, and the situation remains unchanged because of Gov. **Jerry Brown's** proposed budget.

"All of our plans are on hold," he said. "We've come to a screeching halt."

He also confirmed that the company is now weighing offers from out of state, "where conditions are more business friendly."

A Threat to Region

Such threats have South County economic development officials worried, especially in terms of bringing new businesses and jobs to the area.

"We need to continue the enterprise zone, and we need to continue redevelopment, quite honestly," said **Cindy Gompfer-Graves**, CEO of the nonprofit South County Economic Development Council, a business development arm. "These are tools in my tool box that allow me to incentivize companies to locate in South County."

Until recently, Brown proposed eliminating the state's 45 enterprise zones as well as redevelopment agencies to help close a \$12.5 billion gap in the state's spending plan for fiscal 2012.

A Legislative Analyst's Office report said the zones don't generate jobs, as claimed by local officials.

"Because they are expensive and not shown to be effective, we recommend that the area programs be eliminated," the report's authors said.

They said eliminating the zones would generate \$581 million in revenue for the state next fiscal year.

Creating Jobs

But Sanders disputes those findings, and points to the value of the agencies.

He says the enterprise zone has generated more than 13,200 jobs at 750 companies in the past three years, noting that **Nassco/General Dynamics Corp.** has hired 2,900 shipyard workers and **Goodrich Corp.** has hired more than 1,000 through the program.

Sanders also says that it's not just for large enterprises, small businesses have taken advantage of the program, too.

For example, he says **Craft Labor & Support Services LLC** has added 98 local jobs since opening in National City's portion of the enterprise zone in 2008. The company employs 200 in California and Washington state.

Tom York is a contributing editor for the San Diego Business Journal.

JENSEN MEAT INC.

CEO: Robert Jensen.

Revenue: Would not disclose.

No. of local employees: 130.

Investors: Family owned.

Headquarters: Vista.

Year founded: 1958.

Company description: Wholesale meat processor and distributor to schools and other large institutions.